

## **ES-21 Incentives and Barrier Reductions for CHP and DG**

**Assessment: High Priority. Bin B. 14 out of 22 votes.**

Barriers to CHP and clean DG include inadequate information, institutional barriers, high transaction costs because of small projects, high financing costs because of lender unfamiliarity and perceived risk, “split incentives” between building owners and tenants, and utility-related policies like interconnection requirement, high standby rates, and exit fees. The lack of standard offer or long-term contracts, payment at avoided cost levels, and lack of recognition for emissions reduction value provided also creates obstacles. Policies to remove these barriers include: improved interconnection policies; improved rates and fees policies; streamlined permitting; recognition of the emission reduction value provided by CHP and clean DG; financing packages and bonding programs; power procurement policies; education and outreach.